

# SENATE BILL REPORT

## SB 5324

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As of February 24, 2011

**Title:** An act relating to extending the Washington customized employment training program.

**Brief Description:** Extending the Washington customized employment training program.

**Sponsors:** Senators Shin, Kastama, Kilmer, Nelson, Haugen, Hobbs, Sheldon, McAuliffe and Conway.

**Brief History:**

**Committee Activity:** Higher Education & Workforce Development: 2/02/11, 2/16/11 [DP-WM, w/oRec].

**Ways & Means:** 2/25/11.

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### SENATE COMMITTEE ON HIGHER EDUCATION & WORKFORCE DEVELOPMENT

**Majority Report:** Do pass and be referred to Committee on Ways & Means.

Signed by Senators Tom, Chair; Shin, Vice Chair; Kastama, Kilmer and White.

**Minority Report:** That it be referred without recommendation.

Signed by Senators Hill, Ranking Minority Member; Baumgartner, Becker and Ericksen.

**Staff:** Kimberly Cushing (786-7421)

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### SENATE COMMITTEE ON WAYS & MEANS

**Staff:** Maria Hovde (786-7710)

**Background:** The Washington Customized Employment Workforce Training Program was created in 2006 for employers locating or expanding in the state. The State Board for Community and Technical Colleges (SBCTC) administers the program. Training allowances are awarded to employers who have entered into training agreements with colleges in the state. Preference in granting training allowances is given to employers with fewer than 50 employees.

The Employment Training Finance Account was funded for SBCTC to provide training allowances. At the completion of training, employers are required to pay one-quarter of the

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cost of the training into the account. The additional three-quarters of the cost are to be paid into the account over the following 18 months. A business and occupation tax credit is provided to employers for half of the amount that they pay into the account for employee training.

The employer must make good faith efforts to hire from trainees in the training program, otherwise the employer is expected to make additional payments to the account. Colleges must make good faith efforts to use trainers preferred by employers participating in the program.

The program expires on July 1, 2012.

**Summary of Bill:** The expiration date of the Washington Customized Employment Workforce Training Program is repealed.

Additionally, RCW 28B.67.020 is reenacted in order to correct a 2009 amendment that neglected to recognize the expiration date.

**Appropriation:** None.

**Fiscal Note:** Requested on January 24, 2011.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony (Higher Education & Workforce Development):**

PRO: We wanted to do something to prevent outsourcing Washington jobs. This program addresses that and is very successful. However, it will sunset and we would like to extend the program. To date, the program has impacted 24 different businesses, trained 767 employees, and added 569 jobs for participating companies. The program requirement for employers to make good faith efforts to hire trainees is being met. The account is revolving, employers are paying for training. It is a useful mechanism for state funds because every dollar can be used again and again. A local aerospace manufacturing company wanted to offer lean training, but the only program was out of state, so with the support of Green River Community College (GRCC) they brought the training in house. From a human resources perspective, any time a business can invest in the work force it goes a long way. The program is simplistic, yet it allows the community college to be highly responsive, agile, and nimble and is very effective. Workers gain highly valuable skills. Another benefit is the program is not tied to the fiscal year, so it is a great real world tool.

**Persons Testifying (Higher Education & Workforce Development):** PRO: Senator Shin, prime sponsor; Carol Melby, SBCTC; Janie Pierce, Precision Machine Works; Bob Embrey, GRCC.